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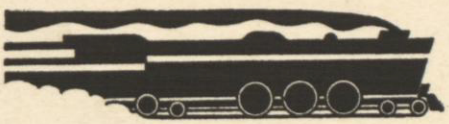
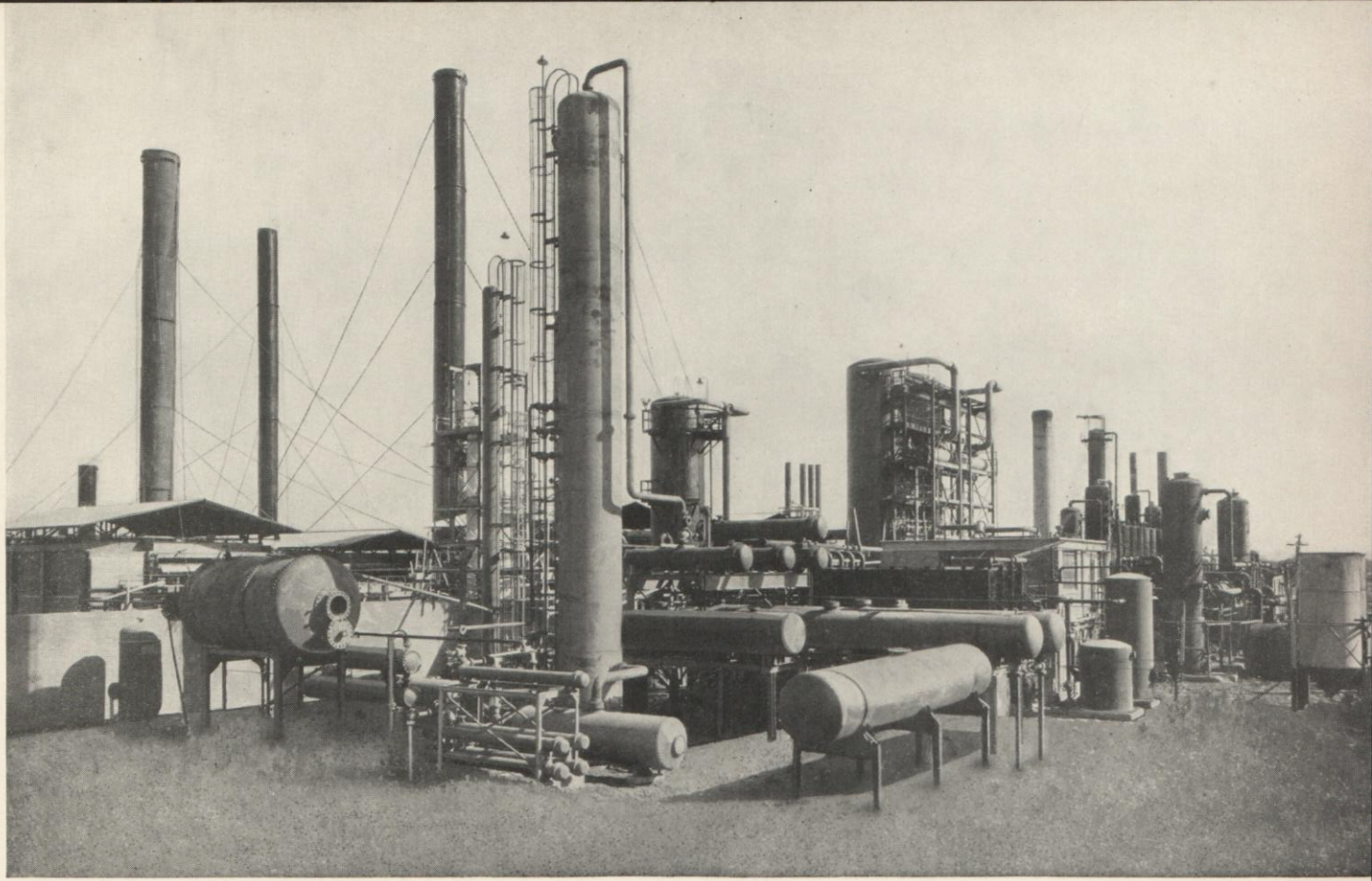
AMERICAN LOCOMOTIVE COMPANY



REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 1933



Gyro vapor phase oil refinery designed and constructed
at Shreveport, Louisiana, by Alco Products, Incorporated.

AMERICAN LOCOMOTIVE COMPANY

30 Church Street, New York

CONSOLIDATED WITH

MONTREAL LOCOMOTIVE WORKS, LIMITED
Canadian Pacific Express Building . . Montreal, Canada

AMERICAN LOCOMOTIVE SALES CORPORATION
30 Church Street . . . . . New York City

RAILWAY STEEL-SPRING COMPANY
30 Church Street . . . . . New York City

CANADIAN STEEL-TIRE AND WHEEL COMPANY, LIMITED
Canadian Pacific Express Building . . Montreal, Canada

McINTOSH AND SEYMOUR CORPORATION
100 Orchard Street . . . . . Auburn, New York

ALCO PRODUCTS, INCORPORATED
220 East Forty-second Street . . . . New York City

TRANSAMERICAN CONSTRUCTION COMPANY
30 Church Street . . . . . New York City

AMES PUMP COMPANY
30 Church Street . . . . . New York City

TRANSFER AGENTS AND DIVIDEND DISBURSING AGENTS
Bankers Trust Company . . 16 Wall Street, New York

REGISTRAR OF STOCK
The Guaranty Trust Company of New York . 140 Broadway, New York

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AMERICAN LOCOMOTIVE COMPANY

DIRECTORS

GEORGE W. H. ALLEN	Cazenovia, N. Y.
LEWIS L. CLARKE	New York
JOSEPH DAVIS	New York
WILLIAM C. DICKERMAN	New York
JOSEPH B. ENNIS	New York
DUNCAN W. FRASER	New York
CHARLES J. HARDY	New York
CHARLES HAYDEN	New York
ALEXANDER S. HENRY	New York
GEORGE B. MOTHERAL	Pittsburgh, Pa.
SEWARD PROSSER	New York
ALBERT H. WIGGIN	New York

EXECUTIVE COMMITTEE

WILLIAM C. DICKERMAN

LEWIS L. CLARKE	ALBERT H. WIGGIN
CHARLES HAYDEN	CHARLES J. HARDY

OFFICERS

WILLIAM C. DICKERMAN	President
JOSEPH DAVIS	Executive Vice-President
JOSEPH B. ENNIS	Vice-President, Engineering
DUNCAN W. FRASER	Vice-President, Manufacturing
FRANK J. FOLEY	Vice-President, Sales
NORMAN C. NAYLOR	Vice-President
PHILIP C. KEMP	Vice-President and General Counsel
J. OAKLEY HOBBY, JR.	Treasurer
F. PIERCE BRENT	Comptroller
JOHN D. FINN	Secretary
HARRY S. BANGHART	Asst. Secretary and Asst. Treasurer
WILLIAM K. FARRELL	General Purchasing Agent

LOCATION OF PLANTS AND DESCRIPTION OF PRODUCTS

SCHENECTADY WORKS . . . Schenectady, New York

Steam, electric and oil-electric locomotives.

BROOKS WORKS . . . . . Dunkirk, New York

Process plants and equipment for oil refineries, heat transfer equipment for public utilities, marine and manufacturing service, water pipe lines, fabricated plate work, etc.; Ames vacuum heating pumps.

RICHMOND WORKS . . . . Richmond, Virginia

Steam locomotives.

ACCESSORIES PLANT . . . . Richmond, Virginia

Flexible and rigid staybolts, piston and throttle valves, reverse gears.

MONTREAL WORKS . . . . Montreal, Canada

Steam locomotives, Diesel oil engines for stationary and marine service, Diesel oil-electric locomotives and special machinery and equipment.

LATROBE WORKS . . . . . Latrobe, Pennsylvania

Steel tires, steel tired wheels, steel ingots, crusher rings; springs for locomotives, for passenger and freight cars and for general use.

INTER-OCEAN WORKS . . . Chicago Heights, Illinois

Steel tires, steel tired wheels, steel ingots, crusher rings; springs for locomotives, for passenger and freight cars and for general use.

ST. LOUIS WORKS . . . . . East St. Louis, Illinois

Steel springs for locomotives and for passenger and freight cars.

CANADIAN STEEL-TIRE AND WHEEL COMPANY, LTD.
Montreal, Canada

Steel tires and steel tired wheels for all classes of railroad service.

McINTOSH AND SEYMOUR CORP. . Auburn, New York

Diesel oil engines for stationary and marine service and for oil-electric locomotives; gasoline engines for rail cars.

CONSOLIDATED INCOME AND SURPLUS ACCOUNTS

AMERICAN LOCOMOTIVE COMPANY
and subsidiaries
For the year ended December 31, 1933

CONSOLIDATED INCOME ACCOUNT

Net loss after deducting manufacturing, maintenance and administrative expenses	$1,273,900.62
Depreciation on plants and equipment	561,893.86
	$1,835,794.48
Federal Capital Stock taxes	53,808.04
	$1,889,602.52
Reserve for discount on Canadian exchange restored to income	424,098.22
Loss for the year	$1,465,504.30

CONSOLIDATED SURPLUS ACCOUNT

Surplus, December 31, 1932		$14,443.743.36
Excess of par value over cost of Preferred stock of the Company acquired since December 31, 1932		271,150.00
Capital surplus resulting from reducing the stated value of 770,000 shares of the no par Common stock from $50.00 to $5.00 per share	$34,650,000.00	
Less reduction in stated value of 2,100 shares of stock held in the treasury	94,500.00	
		34,555,500.00
		$49,270,393.36
Less Capital surplus applied in reduction of the Property and Investment accounts		32,023,024.11
		$17,247,369.25
Less additional reserve for contingencies created from earned surplus		425,000.00
		$16,822,369.25
Loss for year ended December 31, 1933		1,465,504.30
Surplus, December 31, 1933		$15,356,864.95
Earned Surplus	$11,178,615.30	
Capital Surplus	4,178,249.65	

TO THE STOCKHOLDERS:

The Board of Directors submits the report of the business of the Company for the fiscal year ended December 31, 1933. The Consolidated Income Account and the Consolidated Surplus Account for the year will be found on the preceding page and the Consolidated Balance Sheet as of December 31, 1933, on pages 8 and 9.

The loss for the year after deducting depreciation of $561,893.86 and all other charges was $1,465,504.30. This result compares with the loss of $4,589,716.10 for the year 1932. There has been added to the income for the year $424,098.22 representing the balance in the reserve for discount on Canadian exchange which was deducted from the current income for the year 1931. As Canadian exchange was at par at the end of the year 1933, this reserve was no longer required.

The excess of current assets over current liabilities on December 31, 1933, was $15,995,069.98. The Company had no loans payable and had in its treasury $8,873,167.22 in cash and marketable securities, of which $2,613,289.88 was in United States and Canadian Government obligations, $3,347,863.00 in Railroad Equipment Trust Certificates, $729,180.00 in other securities, and $2,182,834.34 in cash. The Company has no funded debt.

The manufacturing plants of the Company continued to operate at a small ratio of capacity during the year. The Company received orders for 12 new locomotives, 10 of which were shipped during the year, together with the shipment of one locomotive ordered during the previous year, making a total of 11 locomotives shipped during the year 1933. The unfilled orders on the books at January 1, 1934, amounted to $3,500,782.00, compared with $1,079,891.00 at January 1, 1933.

The Federal Government recently instituted a program for financing the purchase of new railroad equipment and for maintenance. As of January 1, 1934, there had been allocated $200,000,000.00 for this purpose. There is reason to believe that this program of the Government will be substantially broadened, with resulting benefits to your Company.

The Company is fully prepared and thoroughly equipped to design and manufacture steam or Diesel streamlined high speed locomotives for use in fast passenger service.

During the year Alco Products, Inc. completed refinery processing installations for the following companies: Wolverine Empire Refining Company, Oil Creek Refining Company, Canfield Oil Company, Shell Oil Company of Canada, Royalite Oil Company, Anglo Mexican Petroleum Corporation and the Imperial Japanese Navy. In addition, a thoroughly integrated Gyro vapor phase oil refinery of Alco design was constructed and installed for the Spartan Refining Company of Shreveport, Louisiana, a photographic illustration of which is shown on the front page of this report.

Substantial sums have been invested in research and development work, the benefit of which will accrue in succeeding years, although the cost of such work has been charged off against current income for the year. The policy of the Company in keeping thoroughly abreast of the current demand has been continued, and every effort is being made to anticipate the requirements of a rapidly changing market.

During the period under review a change was made in the stated capital of the Company. By the necessary statutory action of the Stockholders at their annual meeting in New York on April 18, 1933, the stated value of the no par Common capital stock of the Company was reduced from $50.00 per share to $5.00 per share, and an amended certificate of incorporation, making such change effective, was filed with the Secretary of State of New York on June 29, 1933. This reduction in the stated value of the Common stock resulted in creating Capital Surplus amounting to $34,555,500.00, of which $32,023,024.11 has been applied, under power granted by the Stockholders, to make such reductions

in the values of the Corporation's properties and other investments, as of January 1, 1933, as in the judgment of the Board of Directors of the Corporation will approximate their present sound values, as follows:

	Book Values January 1, 1933 Before Adjustments	Revised Valuations as of January 1, 1933	Reduction in Valuation January 1, 1933
Cost of Property	$83,832,170.60	$47,645,883.95	$36,186,286.65
Depreciation Reserve	22,164,409.83	11,824,368.29	10,340,041.54
Net Cost of Property	$61,667,760.77	$35,821,515.66	$25,846,245.11
Investments—			
160,500 shares—No par Common Stock of General Steel Castings Corporation	$8,001,375.00	$2,500,000.00	$5,501,375.00
Other Investments	2,447,878.02	1,772,474.02	675,404.00
Total Investments	$10,449,253.02	$4,272,474.02	$6,176,779.00
			$32,023,024.11

As a result of the foregoing revaluations, operating income has been relieved of a substantial yearly charge for depreciation on plants and equipment.

As shown in the Consolidated Surplus Account on page 4, an additional reserve for contingencies amounting to $425,000.00 has been created from earned surplus.

Your Company has been fully supporting the Federal Government in its National Industrial Recovery program.

Effective December 15, 1933, Mr. Philip C. Kemp was elected a Vice-President and the General Counsel of the Company.

The Board of Directors desires to express its appreciation of the loyal support given by the officers and employees of the Company during the year.

Respectfully submitted for the Board of Directors.

WILLIAM C. DICKERMAN, President

CONSOLIDATED BALANCE SHEET

of the American Locomotive Company and Subsidiaries

As of December 31, 1933

ASSETS

Current Assets—		
Cash		$2,182,834.34
Marketable Securities—		
United States Government securities		$30,121.88
Canadian Government securities		2,583,168.00
Railroad Equipment Trust certificates		3,347,863.00
Other securities		729,180.00
Total Marketable securities (Market value December 31, 1933—$7,480,124.90)		$6,690,332.88
Total Cash and Marketable securities		$8,873,167.22
Accounts receivable		$2,937,215.94
Notes receivable		911,955.89
Accrued interest		141,723.54
Total Accounts and Notes receivable (see note)		$3,990,895.37
Less reserves for doubtful accounts		185,000.00
		$3,805,895.37
Inventories—at lower of cost or market—		
Materials and supplies		$2,619,462.65
Contract work in process		1,557,709.87
Locomotives and other finished products		553,968.24
Total Inventories		$4,731,140.76
Total Current Assets		$17,410,203.35
Investments—at adjusted values, January 1, 1933, with subsequent additions at cost—		
General Steel Castings Corporation	$2,500,000.00	
Other investments	1,770,875.52	
		4,270,875.52
Cost of Property—at adjusted values, January 1, 1933, with subsequent additions at cost (less depreciation reserves—$12,346,708.16)		35,554,796.78
Sundry deferred charges		218,422.39
		$57,454,298.04

Note—Includes $809,262.00 maturing subsequent to 1934.

CONSOLIDATED BALANCE SHEET

of the American Locomotive Company and Subsidiaries
As of December 31, 1933

LIABILITIES

Current Liabilities—			
Advance payments received on contracts			$284,186.52
Accounts payable			723,694.34
Sundry accrued expenses			302,468.71
Reserves for Federal Capital Stock and State Franchise taxes			104,783.80
Total Current Liabilities			$1,415,133.37
Reserves for contingencies, including accident indemnity and other items			1,635,950.72
Minority interest in subsidiary companies			10,749.00
Capital Stock—			
Preferred (par value $100.00 per share)			
Authorized and issued	385,000 shares	$38,500,000.00	
Less in treasury	33,039 shares	3,303,900.00	
Outstanding	351,961 shares		$35,196,100.00
Common (no par value)			
Authorized and issued	770,000 shares	$3,850,000.00	
Less in treasury	2,100 shares	10,500.00	
Outstanding	767,900 shares		3,839,500.00
			$39,035,600.00
Surplus—			
Earned Surplus		$11,178,615.30	
Capital Surplus		4,178,249.65	
			15,356,864.95
			$57,454,298.04

Cumulative dividends on Preferred Stock paid to September 30, 1932

We have examined the accounts of the AMERICAN LOCOMOTIVE COMPANY and Subsidiaries as of December 31, 1933. The decrease in the charge for depreciation on plants and equipment resulting from the readjustment of the company's capital structure, as authorized by the Stockholders during the year, is reflected in the Consolidated Income Account. WE HEREBY CERTIFY that, in our opinion, the above Consolidated Balance Sheet and accompanying Consolidated Income and Surplus Accounts correctly show the consolidated financial condition of the combined companies at that date and the results of the operations for the year then ended.

LESLIE, BANKS & CO.,
Accountants.